## OUTGOING MESSAGE

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ARGENTINA: THE ARREST ON MAY 4 OF FORMER PRESIDENT ALEJANDRO LANUSSE FOR SUSPECTED FINANCIAL WRONGBOING IN OFFICE HAS STRONG POLITICAL OVERTONES. THREE OTHER TOP OFFICIALS OF THE MILITARY GOVERNMENT THAT GENERAL LANUSSE HEADED IN THE EARLY 1970S ARE ALSO BEING HELD.Y

LANUSSE WILL BE QUESTIONED ABOUT SERIOUS IMPROPRIETIES IN A GOVERNMENT CONTRACT FOR CONSTRUCTION OF AN ALUMINUM PLANT. THE CASE HAS BEEN UNDER INVESTIGATION FOR SEVERAL YEARS. BUT RELATIVELY LITTLE HAS BEEN HEARD ABOUT IT RECENTLY. AND MANY ARGENTIMES HAD PROBABLY ASSUMED THE MATTER HOULD BE DROPPED. Y

IN ADDITION. THE CASE HAS BEEN OVERSHADOWNED BY RECENT DEVELOP-MENTS IN THE SPECTACULAR GRAIVER SCANDAL, WHICH PURPORTEDLY LINKS PROMINENT CITIZENS -- INCLUDING FORMER GOVERNMENT OFFICIALS -- TO THE TERRORIST MONTONEROS.Y

POLITICAL MOTIVES ARE AT LEAST AS IMPORTANT AS OTHER CONSIDERA-TIONS IN THE MOVE TO BRING LANUSSE TOJUSTICE. HIS ALLEGED MISDEEDS WERE NOT UNUSUAL OR SURPRISING BY

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NUMBER OF OFFICIALS COULD BE CALLED TO ACCOUNT FOR SIMILAR IMPROPRIETIES.Y

FOR SOME TIME, HOWEVER, LANUSSE HAS DRAWN THE IRE OF THE CURRENT MILITARY REGIME, AND HAS PARTICULARLY ANGERED SO-CALLED HARD-LINE OFFICERS. HIS CRITICISMS OF THE GOVERNMENT'S HARSH SECURITY PRACTICES, HIS HIGH PUBLIC PROFILE, AND HIS APPARENT TIES TO PROMINENT NEWS-PAPERMEN HAVE LED SOME ARGENTINES TO CONCLUME THAT HE IS APPEALING TO IMPORTANT CIVILIAN SECTORS AS A POTENTIAL POLITICAL LEADER. THE RECIME IS NOT PREPARED EVEN TO CONSIDER THE RE-EMERGENCE OF NORMAL POLITICS: DESPITE PRESIDENT VIDELA'S CONCILIATORY WAYS. MILITARY DISTRUST OF LANUSSE IS FURTHER HEIGHTENED BY THE FACT THAT HE PREPARED THE RETURN FROM EXILE OF JUAN PERON.Y

AT LEAST SOME OFFICERS IN THE REGIME ARE CLEARLY BENT ON DISCREDITING LANUSSE. AT THE SAME TIME, THE GOVERNMENT IS PORTRAYING ITS EFFORT AGAINST THE FORMER PRESIDENT AS PROOF THAT IT WILL CLEAN OUT WRONGDOING NO MATTER WHERE IT IS FOUND, EVEN AMONG BROTHER OFFICERS. THE POLITICALLY CYNICAL ARGENTINES ARE NOT LIKELY TO ACCEPT THIS ARGUMENT AT FACE VALUE, AND LANUSSE COULD EVEN EMERGE FROM

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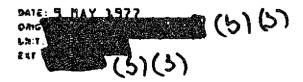
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## OUTGOING MESSAGE CONF: HIS TROUBLES AS A MARTYR.Y THE CONDUCT OF THE CASE AGAINST LAMUSSE AND THE GRAIVER IN-VESTIGATION COULD PROVIDE A ROUGH GAUGE OF THE RELATIVE STRENGTHS AND WEAKNESSES OF HARD-LINERS AND MODERATES. IF THE CAMPAIGN BE-COMES MORE AGGRESSIVE AND WIDE-RANGING, IT WILL ALSO BECOME AP-PARENT THAT HARD-LINERS ARE GAINING THE UPPER HAND. {CONFIDENTIAL} XCDZ-2.4 (b)(3) ORIG: (b)(3)





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